STEPCON DOO
Br. 95/23
01.08. 2023 god.
BEOGRAD

Subcontract for installation of new Switches at Subotica Station

Party A: CCECC Balkan Ogranak Beograd

Batajnicki drum, 3 deo 6a, 11080 Zemun，BELGRADE

Party B: Preduzeće STEPCON DOO Beograd-Voždovac

This Subcontract (No.2023-ERGS-XSTL-LW-022) is concluded in Subotica, on July 28, 2023, between:

Party A/Strana A: CHINA CIVIL ENGINEERING CONSTRUCTION CORPORATION BALKAN OGRANAK BEOGRAD (abbreviated: CCECC Balkan) from Belgrade-Zemun, Address: Batajnički drum 3. deo 6a, (hereinafter referred to as Contractor Registration No.: 29507031, Tax ID: 109874997, represented by the Representative of the branch of the foreign citizen CHEN, Zhongzheng

And

Party B/Strana B: Preduze□e STEPCON DOO Beograd-Vo ž dovac, MB: 21262650, PIB: 109895141, Borivoja Stevanovića 2 V, 11000 Beograd (Voždovac) (hereinafter referred to as Subcontractor). Represented by Sanja Dejanović Raičević.

Whereas : Joint Venture CRIC-CCCC on July 7, 2018, together with the Ministry of Transportation, Construction and Infrastructure of the Republic of Serbia and Infrastructure of Serbian Railways Ltd. signed the " Commercial Contract for the Execution of Works on the Modernization and Reconstruction of the Hungarian-Serbian Railway on the territory of the Republic of Serbia, section Novi Sad - Subotica - State Border (Kelebija) " (hereinafter referred to as **Commercial Contract**) ;

And Party A was subcontracted the Track works of renovation Subotica Station from SHANDONG LUQIAO GROUP CO. LTD OGRANAK BEOGRAD. Herewith, Party A is authorized to undertake all the execution of works on Track works on the Subotica Station of Project of Modernization and Reconstruction of the Hungarian-Serbian Railway.

Party A, with a desire to engage Party B to carry out the part of Switch Installation works in Subotica Station on a subcontract basis (hereinafter referred to as the "**Subcontract Works**"), while Party B is willing to undertake all the execution of the Subcontract Works.

According to the relevant laws of Serbia, in line with the principles of equality, voluntariness, fairness, and good faith, Party A entrusts Party B to carry out the work on installation of new switches at Subotica railway station, and the following agreements are reached after mutual agreement:

1.Definitions and Explanations

1.1

Employer: refers to **Railway Infrastructure Serbia Co., Ltd., the Ministry of Construction, Transport and Infrastructure of Government of the Republic of Serbia** and their successors, as well as
General Contractor refers to the: **Joint Venture of China Railway International Co., Ltd. & China Communications Construction Company Ltd**.

1.2 The words indicating single-gender in the Contract include all genders unless otherwise specified.

1.3 The words indicating the singular include the plural, and the words indicating the plural also include the singular.

1.4 Day: refers to the calendar day unless otherwise specified.

1.5 Supervisor: refers to the legal entity or other organization appointed by the Employer to supervise and manage Party A's performance of the construction work. Party B shall be notified about who will be the Supervisor after the Employer appointed it.

2.Scope of Works and Composition of Subcontract

2.1 Scope of Works: The specific work includes but is not limited to prepare method statement and relevant technical documents, construction logs and books, assembly and laying of switches on concrete or wooden sleepers with elastic track fastenings, aluminothermic welding of switches into long rail lengths and all the other work which are related to the safety, environmental protection and temporary measures required for the completion of this work.

2.1.1Party B shall perform the works envisaged by Party A in accordance with all articles specified in this Subcontract. Party B is obligated to execute the works successively, professionally, responsibly, following the rules of the profession regarding the referred works execution, with good workmanship during the validity period of this Subcontract, in accordance with the needs and requirements of Party A.

2.2Composition of Subcontract

2.2.1This Subcontract and Stepcon's Revised Offer no.SS-02/23-REV.02-21_07_23 dated 21.07.2023 and Apendixes (if any);

2.2.2Execution Design Drawings and Technical Specifications;

2.2.3Work Instructions from Supervising Engineer (if any);

2.2.4The managing documents of Party A, meeting minutes, and contact sheets of both parties.

3.The Subcontract Price

3.1 This is a subcontract with a fixed unit price. The subcontract price includes all engineering costs for the full performance of this subcontract, as well as the direct and indirect costs incurred by Party B for completing this subcontract project.

3.1.1Party B fully confirms the adequacy and sufficiency of the Subcontract Price. The Subcontract Price is based on the data, its verification and interpretation, required information, inspection, and all relevant matters and other implied data available to Party B.

3.1.2 When Party B signs the contract, Party B has fully understood the market price of personnel, materials and machinery and equipment required for the project, and the risk cost caused by factors such as price changes and material scarcity.

3.1.3 Party B fully confirms the adequacy and sufficiency of the Subcontract Price, Party B examined and has fully acknowledged all requirements of Party A, all relevant specifications related to the work stipulated in this contract, Serbian standards and laws, and examined and verified the site environment, construction conditions, weather conditions and geological conditions of the subcontracted work.(including the surrounding conditions of the construction site)

3.2 The Subcontract unit prices are given in the Priced BoQ as part of the Offer SS-02/23-REV.02-21_07_23, which is an integral part of the Subcontract. The total value of the works will be in accordance with the performed quantities of works and the agreed unit prices without VAT.

3.2.1The Subcontract Price includes all the taxes and fees except VAT. Party A has no obligation of paying any taxes and fees to Party B, no matter if there is any tax-changing that occurs during the period of Subcontract performance, even though the taxes are related to the works.

3.3 The transportation, purchase and lease of all equipment and machinery related to this work shall be carried out by Party B at its own expense (including the related materials and equipment for safety, environmental protection, and temporary measures required for the completion of this work). For the avoidance of doubt, Party A is not obligated to provide any machinery in the implementation of this work. Party A is obliged to procure and deliver to the construction site the material to be installed (switches, sleepers, portions for welding and other materials which need to be installed).

4. Method of Quantity Measurement and Payment

4.1 Measurement: This work shall be measured on a monthly basis (when the measurement conditions are met); Party B shall provide necessary documents such as the measurement book and construction log as required by engineer authorized by Party A ,and also the completed works shall be accepted by the supervisor.

4.2Party B shall provide Party A with an official invoice according to Party A's requirement. Payment shall be made in dinar (RSD) at the middle exchange rate of the National Bank of Serbia on the date of the invoice issued.

4.3Party B shall submit appropriate documents required by the financial department of Party A. Party A will pay calculated the monthly amount of performed works to parrty B, according to the proforma invoice made after getting approve by Party A, within 7 (seven) days from the date of receipt of payment by General Contractor.

4.4Final payment: After the work is all completed, Party B starts to apply for the final payment certificate When submitting the Final Statement, the Subcontractor shall submit a discharge which confirms that the total of the Final Statement represents full and final settlement of all moneys due to the Subcontractor under or in connection with the Contract.

The Supervisor shall deliver, to the Contractor and to the Subcontractor, the Final Payment Certificate which shall state:

(a) the amount which he fairly determines is finally due, and

(b) after giving credit to the Contractor for all amounts previously paid by the Contractor and

for all sums to which the Contractor is entitled, the balance (if any) due from the Contractor to the Subcntractor or from the Subcontractor to the Contractor, as the case may be.

If the Subcontractor has not applied for a Final Payment Certificate in accordance with this Sub-Clause the Supervisor shall request the Subcontractor to do so. If the Subcontractor fails to submit an application within a period of 28 days, the Engineer shall issue the Final Payment Certificate for such amount as he fairly determines to be due.

4.5The measurement book submitted by Party B to Party A shall include supporting documents related to measurement, which shall meet the requirement that Party A's application for payment to the Employer. The supporting documents that should include but are not limited to construction logs, submission of RIA (request for inspection and approval), measurement books, test reports, etc. The provision of these measurement documents is one of the measurement conditions, If Party A is unable to apply for payment to the Employer due to Party B's reasons, Party A has the right to delay the measurement or file a claim against Party B.

5. Works Schedule

5.1 Works Schedule will be in accordance with the general Schedule of Works of the Main Contractor's works. Party A is obligate to announce the start of work at least three days in advance and Party B is obliged to mobilize machinery and equipment to enter the site to start construction on time.

6. Quality Warranty

6.1 Quality warranty period is five years after the employer takeover the all project. If Party B cannot repair the defect within a reasonable time notified by Party A, Party A will repair it by itself or entrust others to repair it, and Party B shall bear the cost.

6.2 The Quality shall satisfy with the requirement of the Technical specification.

7.The right and obligation of each party

7.1The right and obligation of Party A

7.1.1Party A shall have the right to decide, at the request of the Employer, all issues relating to the quality, acceptance, performance, and progress of the Project, For the avoidance of doubt, the decisions made by Party A pursuant to the Employer's requirements shall be final, conclusive, and binding upon Party B.

7.1.2Party A shall supervise, through authorised persons, Party B's full performance of the Subcontract, control, supervise and inspect the quality, progress, and HSE work of the project, conduct acceptance and evaluation of the project completed by Party B on a regular basis, measure the qualified project completed by Party B and make payment to Party B according to Article 4 of this Subcontract.

7.1.3 Party A shall assign execution managers and engineers to supervise the execution of Party B according to this Subcontract. Party A has the right to check Party B's execution log and other required technical documents.

7.2 The right and obligation of Party B

7.2.1 Party B shall organize enough executive personnel and equipment to enter the site according to the date notified by Party A. Party B shall prepare all daily necessities and ensure that the progress will not be affected. Such as the living materials, temporary housing facility, domestic electricity, construction electricity, domestic water, and construction water required by Party B for production shall be borne by Party B at its own expense. Party B shall meet Party A's dynamic plan and its requirements for adjustment of the execution schedule by adding execution equipment and execution teams.

7.2.2Party B shall organize execution work in strict accordance with the execution data and technical specifications provided by Party A, following instructions and inspection of Party A and supervising engineer, and be responsible for the quality of the Project. Party B shall deal with the issues in accordance with the requirements of the Employer, the supervising engineer, and Party A if rework needed to be done or any losses occurred due to Party B's reason. All related losses shall be borne by Party B.

7.2.3 Party B shall organize and arrange machinery, equipment, and workers timely and reasonably to meet execution requirements. All administrative staff and technicians shall hold certificates. The workers for special works shall obtain special operation certificates issued by the competent department of the Republic of Serbia. The main technicians shall have rich experience in execution.

7.2.4Party B will cooperate with Party A to jointly manage the health and safety at work of the employees at the site in question. Each of the parties is individually responsible for their employees in the field of health and safety at work on the execution site, in accordance with the regulations of the Republic of Serbia. Party B shall carry out on-site management according to the related regulations of Serbia, comply with all the laws and regulations related to environmental protection and be responsible for handling and bearing full costs of environmental pollution caused to roads and rivers.

7.2.5Party B shall assist Party A in measurement, quality, safety, execution progress, environment protection, site management, inspections, and data collection. Besides, Party B shall timely fill in the execution reports, safety execution reports, Measurement Books, and construction diary. Party B shall be responsible for filling and submission of original documents, and shall timely submit the execution schedule and the documents required by Party A.

7.2.6Party B shall submit to Party A a list of names and a photocopy of the ID of Party B's personnel on-site (if necessary). Party B shall equip his staff with all required social insurance and bear the related insurance cost.

7.2.7Any dispute between Party B and the Third Party during execution shall be settled by Party B and Party B shall be solely liable for it.

7.2.8Party B shall guarantee the project quality. In case of any defects or quality accidents, if supervising engineer issues instructions to rectify or remove the defects or quality accidents, Party B shall follow accordingly at its own expense, unless such defects or quality accidents are caused by Party A.

7.2.9In case of any damage to the surrounding property or area during the execution of subcontracted works, Party B shall bear the maintenance costs and shall not affect the time for completion. While evacuation, Party B shall remove all the equipment, surplus material, waste, and all kinds of temporary facilities to make the site clean and meet the requirement of Party A.

8.Variation, claim, and Insurance

8.2 Claims

8.2.1Before signing this Contract, Party B undertakes that he has forecasted and willfully taken all risks and responsibilities for the completion of the project, and Party A will not accept any claim made by Party B for a time extension and cost compensation not caused by Party A or the Employer.

8.2.2 Party B has fully considered the discontinuity of the project (such as discontinuity caused by bad weather, failure to meet construction conditions, etc.), and considered that the Employer or the Supervisor may issue instructions about not allowing construction (temporarily suspending work for rectification, etc.), both parties to the contract should communicate and coordinate with each other in a friendly manner. If such factors and force majeure factors lead to deceleration, idle work, stoppage, etc., Party B shall not file relevant claims against Party A.

9. Transportation and Management

9.1 Transportation and Management

9.1.1 Except for the materials provided by Party A as stipulated in the contract, all other materials and equipment required shall be purchased or leased by Party B. In case of loss or accident caused by the quality of purchased or leased materials and equipment, Party B shall still bear full responsibility even if the materials have been inspected or approved by Party A.

9.1.2Party B shall make sure all the materials and equipment are properly stored. If any loss or damage happened, the loss shall be borne by Party B.
Relevant buildings, earthwork and related materials that have been dismantled/disassembled/excavated at the construction site according to construction needs, Party B is obliged to transport and store the dismantled/disassembled/excavated materials to the place designated by Party A (Party B shall not misappropriate them without authorization). Party B bears all the costs required for dismantling and transportation. Including the use of existing local roads, toll fees, the cost for temporary storage, and related administrative costs required by the local government, etc.

9.2 Usage and Management of Machine & Equipment

9.2.1 All the machinery and equipment for the implementation of this project shall be provided by Party B (unless it is stipulated in this subcontract that Party A shall provide it). Party Be will be responsible for the safekiping of its equipment and works until takingover. Party B shall strengthen the management and maintenance of its own machinery and equipment to ensure the utilization rate and work efficiency. Party B shall be fully responsible for the loss caused by Party B's mechanical failure. In addition, the power, fuel, construction water and electricity required for the project shall be provided by Party B.

10.Other

10.1 Force Majeure

10.1.1Force Majeure event means any event beyond the reasonable control of the affected party, which is unforeseeable or unavoidable, or insurmountable even if foreseeable, and occurs after the signature of this Subcontract, making the performance of this Subcontract in whole or in part objectively impossible or impractical. Such events include but are not limited to floods, typhoons, earthquakes, tsunamis, and other natural disasters, strikes, riots, wars (whether declared or not); Both parties to the contract agree that the impact of Covid-19 is not a force majeure event.

10.1.2 If any party does not fulfill its contractual obligations because of the force majeure, the affected party shall not bear the responsibility for breaching the Subcontract, the party who is influenced by the force majeure shall inform the other party about the force majeure immediately including the complete reasonable details and inform the other party if the force majeure leads to suspension of the execution.

10.1.3 If force majeure affects all or part of the work, both parties shall negotiate to take countermeasures, including whether to postpone or terminate part or all of the work. When the force majeure event occurs, each party shall try its best to minimize the impact of the force majeure event on the Project. If the impact of the Force Majeure event has been stopped, one party shall notify the other party.

10.1.4 Both parties to the contract agree that they will each bear any loss caused to themselves due to force majeure events, and will not claim compensation from the other party.

10.2Responsibility for Breaching the Subcontract

10.2.1 If Party B cannot perform this subcontract according to the dynamic plan required by Party A or other requirements due to reasons of Party B, Party A has the right to choose other subcontractors and terminate the subcontract.

10.3The Suspension and Termination of Subcontract

10.3.1In accordance with the Contract between Party A and his Employer, the Employer may terminate the whole or part of the project at any time at his discretion, regardless of whether Party B breaches the Subcontract. Party A will forward the notice of termination to Party B and Party B shall cooperate with Party A. IF PARTY A WANT to claim against the Employer for such termination. If any loss is caused to Party A due to Party B's failure to cooperate, Party B shall bear the responsibility and losses. Also, if claim was not successful , Party B will not receive any compensation. If the claim is successful and the compensation from the Employer could be received, Party A would pay Party B according to the relevant claim clauses of this Subcontract.

10.4 Settlements of Disputes

10.4.1Party A and Party B agree that any dispute shall be settled through negotiation. If no agreement can be reached through negotiation, the dispute shall be settled through the commercial court of Belgrade.

10.5 Abidance by Law

10.5.1 If there is any inconsistency, contradiction, or conflict between this subcontract / the actions of either party to the subcontract and applicable law in Serbia, both parties to the contract shall remind each other in good faith, and both parties shall negotiate amicably to amend this subcontract.

10.5.2Party B shall indemnify Party A and its personnel against all claims, damages, losses, and expenses (including legal fees and expenses) of any kind and nature arising out of party B or its personnel's breach of applicable laws, negligence, willful acts.

10.6 Correspondence and communication

Party A's address and email address:
lideqiang@ccecc.rs zhaoruxian@ccecc.rs Bikovo salasi 33, Subotica

Party B's address and email address:
Toše Jovanović 1, 11000 Beograd. sanja.dejanovic@stepcon.rs

11.The Application of Subcontract

11.1Effective and invalidity conditions of the Subcontract: The Subcontract shall come into force upon the signature and seal of both parties. The contractual obligations are fully fulfilled and all payments have been made, the Subcontract ceases to be active.

11.2Neither Contracting Party may assign or transfer to a third party this Agreement or the rights and obligations arising therefrom, without the prior consent of the other Contracting Party given in writing.

11.3This Subcontract and its appendixes shall be regarded as the full agreement between two parties, and it will replace any previous verbal agreement or understanding, and communication that is made before this subcontract is issued.

11.4The illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the validity and enforceability of other provisions.

11.5Amendments to this Agreement or its appendixes shall be effective only by written agreement and signed by legal persons or authorized representatives of both parties.

11.6 For issues not covered by this Subcontract, the Serbian Laws will apply related to the contract subject. In the case laws don't regulate certain subjects, both parties shall negotiate and sign a supplementary agreement. The supplementary agreement shall serve as a supplementary document to this Subcontract and have the same legal effect as this Subcontract.

11.7 The subcontract is made in English.

11.8 This Subcontract is made in quadruplicate, with each party holding two copies.

Party A：CCECC Balkan Ogranak Beograd

Signature:

Name: Xue Hongxi

Date：

Party B：Preduzeće STEPCON DOO Beograd-Vožd

dovac

Signature:

Name: Sanja Dejanović Raičević

Date：